

Back to the Future

From the Board

On October 29, 2004 the European Constitution will be signed in Rome at the same place where almost 50 years ago the EEC Treaty was signed. Like the EEC Treaty also this Constitution will dramatically affect the EU and its citizens for the next decades to come. Like in the early 1950s the reason for signing the Constitution is creating economic prosperity and peace. The EEC was established in order to clean up the mess that was left by WW II. It brought the economies of former enemies Germany and France together and thus provided the basis for economic wealth. Similarly, democracy was firmly established and communism contained by the Cold War. So far so good it seemed. However, already in the early 1980s it became evident that the competitive advantage of the EEC was challenged first by Japan and later by South Korea and Taiwan. The project of establishing the internal market by 1992 was to provide an adequate answer to this challenge. However, the implosion of communism starting in the autumn of 1989 drastically changed the map of Europe by dissolving states, creating new states and civil wars, while at the same time also the idea of democracy spread to the rest of the European continent. The Maastricht Treaty intended to accommodate this New World Order of post-communism but it was clearly insufficient to provide an overall solution. The Amsterdam and Nice Treaties, while trying to repair some of the deficiencies of the Maastricht Treaty, also failed to address the important issues adequately. In the meantime, most of the former communist states have joined the EU or will do so in the near future and even membership of Turkey appears to be only a matter of time, whereas on the economic side the paralysis that infected the German economy after its unification has spread to other EU Member States in particular France and the Netherlands.

It is obvious that for the new European Constitution the task of providing economic prosperity and peace is more daunting than for the EEC Treaty 50 years ago. In contrast to the very homogenous group of 6 Member States, the current 25 EU Member States differ enormously in terms of their economic capabilities, political stability, religion, culture etc. This means more diversity within the EU that potentially could result into more competition within the EU which in turn could improve the overall economic prosperity within the EU. Clearly, competition alone is not enough to strengthen the economic power of the EU; rather it must be combined with investment in education from primary school to university level and R&D. If only ten percent of the current CAP subsidies would be invested in education and R&D, then Europe would be able to keep up with China and India. While some EU Member States (for example Germany, the Netherlands) currently try to improve their

competitive position by slashing down across the board all kinds of subsidies and social benefits, it is done without any vision. Whilst European citizens are prepared to accept painful measures they also expect that those measures will actually result in improving their economies. But that is and will not be the case because governments and companies fail to invest and thereby fail to create a positive and innovative environment. Instead, European companies and citizens are becoming more insecure and depressed by the day.

The success of the EEC Treaty has been based on one important element, namely, dynamism and the belief that European integration provides the best benefits for everybody. This dynamism has to a large extent come from the *effet utile*-orientated jurisprudence of the ECJ that has removed many obstacles within the internal market. Fortunately, the position of the ECJ has not been curbed by the new European Constitution, so that we can continue to rely on its dynamic jurisprudence as a reliable motor of further European integration – even against unwilling Member States. But obviously the EU is more than only the internal market. It is about European citizenship, rule of law, social justice, cultural heritage etc. However, above all it is about inspiration, European inspiration. Just like 50 years ago, the belief that the future and prosperity of Europe can only be achieved through full European integration must be brought back to the minds of politicians, citizens and captains of industry. We all know – and should duly acknowledge it to ourselves – that the point of no return has long been passed. At the end of the day one thing is certain: the European train will reach – with the delays we have become used to – its final destination, and that is the *United States of Europe*.

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